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Economics and Education.

Afternoon Session, December 29, and Morning Session December 30.

A SYLLABUS OF PUBLIC ECONOMY.

BY PROF. WILLIAM W. FOLWELL OF THE UNIVERSITY OF MINNESOTA.

Public economy should be recognized as a distinct, though related science, running parallel with that of private or social economics.

The American colleges, following English precedents, have mostly confined their instruction to the abstract topics of private economics, such as value, rent, profits, diminishing returns, wage-fund and the like. When they have touched on the questions of protection, transportation, land policy, money and so on, it has been by way of parenthesis or addendum. The State has been referred to as a kind of disturbing force, operating on an otherwise steady flow of economic tendency.

We must demand the recognition of State or public economy as an independent body of phenomena, capable of being collected and grouped along a line of filiation.

The reading of the paper was followed by an oral explanation of a set of nine charts showing the main features of a syllabus of American Public Economy, devised by the speaker and submitted to the judgment of the Association.

This syllabus divides the subject mentioned into three main divisions, in which the government appears respectively as (1) an exclusive manager and proprietor; (2) as a regulator of private and corporate activity, and (3) as a mere contributor to science and industry.

In the first of these groups fall such topics as revenue and taxation, the cost of government, money and its incidents, and, in general, all functions monopolized by government, national, State and local. Money, whether metallic or paper, is much more the creation of government than is commonly allowed by teachers of political economy.

Under the second group named fall all questions of public economic policy relating to property in general, contracts, corporations, commerce and industry, wealth, labor, population.

The tariff question is essentially one of the public policy of commerce and industry and is to be handled as such. No sound conclusions can be drawn by mere deduction from the postulates of private economics.

Discussion.

Professor Giddings: There can be no question of the importance of the study of the topics which have been covered in the schedule presented. As the result of the gradual narrowing of the scheme of economic science from Smith down through Ricardo and others, a vast amount was left out of the scheme of economic instruction, which, in earlier days, had been included in it. But in later days in the scheme of studies included under the term politi-

cal science, as now presented in the leading American as well as in the European universities, we have not only political economy but administration and finance. Hence the question immediately presents itself, in connection with such a syllabus as this,—What principle of classification shall we adopt? It is evident that in this scheme some things have been taken from what is called, in the modern scheme of instruction, administration; some things have been taken from what is called the study of finance, and other things from what is called the study of political economy, or economics. I think it is exceedingly helpful to have a grouping of this kind, if not because we are ready to adopt or reject it, at least because it suggests so many kinds of classification. Evidently the work must be covered; all these things must be presented. How shall they be grouped?

For one I should be very sorry to see the term economy given only to a narrow conception of economic theory, and that the theory of individual economy only. I think if we give any careful attention to the analysis of such economic phenomena as we find in modern society, we shall be obliged to say that in all economic phenomena there is a gradation from the simplest economic affairs of the household up to those of the State, and that we cannot draw a sharp dividing line at any point. A step beyond the matters pertaining to the household we find some things belonging to social economy. The greater part of modern business is of this kind. The division of labor, the exchange of products, is a social process. Going a step further we have banks controlled by the government; we have governmental regulations controlling corporations, and so on. We

have here an economy that is partly private, partly social in the sense indicated a moment ago, and partly State. Go one step further and we have the economy of the State simply, matters of public administration, public revenue, public expenditure, etc. There is thus a gradation from the economy of the private individual up through social economy to the economy of the State pure and simple. For this reason I should be sorry to see any scheme of classification adopted that would have the effect of narrowing the term political economy.

On the other hand, when we consider the presentation of the topics called administration in a scheme of this kind, we narrow the province of the study of administration. We see that having taking out of the study of administration such matters as labor legislation, such matters as the administration of the highways in the local unit of the body politic, we have left in the province of administration only the methods of organizing the public service and the distribution of powers between the different bodies carrying on the public service. I am not sure that there would not be some gain in so narrowing the subject of administration. I merely call attention to the fact that it probably is desirable to follow Professor Folwell's scheme in some particulars, to take out of the study of administration some things, and out of the study of political economy some things, and group them about what seems to be the central topic of his scheme, namely finance. The only question that I would raise, then, would be the question of classification. What things shall we take out of the study of administration and what out of the study of political economy, and group them about the central topic, finance?

Professor Ely: I am sure there are many who would like at this point to take up the discussion, but I would like to suggest that the discussion would be facilitated by postponing it until Professor Patten's paper has been read.

THE EDUCATIONAL VALUE OF POLITICAL ECONOMY.

BY PROF. SIMON N. PATTEN OF THE UNIVERSITY OF PENNSYLVANIA.

What is the place of political economy in the college curriculum, and the value of it to the student as a means of culture?

The study of mathematics has enjoyed a monopoly as a means of logical discipline. The claims of mathematics to so exclusive a place are not justified by the content of the science, the character of the reasoning or by the way in which it is taught.

Political economy is in many respects fitted to become a substitute for mathematics as a means of cultivating the reasoning powers, and in some regards it is even superior to it. As a basis of this claim it is maintained that completely deductive sciences do not furnish as good a mental discipline as those sciences that are less advanced, being in a state of transition from the inductive to the deductive stage. That science has the greatest educational value that uses both deductive and inductive reasoning and properly combines them. Many special arguments can be given to show the great educational value of the theory of political economy, and how the use of hypothesis and the method of isolating special problems from the complicated conditions in